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EXAMINER

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ART UNIT PAPER NUMBER

3628

DATE MAILED: 05/18/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/822,732

Applicant(s)

BAHAR, REUBEN

Examiner

Jason M. Borlinghaus

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 20 April 2005.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-25,28-45 and 47-61 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☐ Claim(s) 1-25,28-45 and 47-61 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 16 August 2001 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date 4/20/05.
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_.

**DETAILED ACTION**

***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

**Claims 33 – 35, 37-40, 42, 45 and 58-59** are rejected under 35 U.S.C. 101

because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract that do not apply, involve, use, or advance the technological arts fail to promote the “progress of science and the useful arts” and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

In the present case, Claims 33 – 35, 37-40, 42, 45 and 58-59 only recite an abstract idea. Claims 33 – 35, 37-40, 42, 45 and 58-59 do not apply, involve, use, or advance the technological arts since all of the recited steps can be performed in the mind of the user or by use a pencil and paper.

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Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case, the claimed invention facilitates the auction and sale of bad debt accounts.

Although the recited process produces a useful, concrete, and tangible result, since the claimed invention, as a whole, is not within the technological arts as explained above, Claims 33 – 35, 37-40, 42, 45 and 58-59 deemed to be directed to non-statutory subject matter.

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

**Claims 1 – 6, 9 – 11, 16 – 19, 21, 23, 28 – 45 and 47 - 61** are rejected under 35 U.S.C. 103(a) as being unpatentable over Morris (US Patent Pub. 2001/0034662) in

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view of Rivkin (Rivkin, DW, Donovan, DF & Legum, B. *Financial & Cross-Borders Litigation. International Financial Law Review*. Euromoney Publications. July 1994. pp. 47 - 51).

**Regarding Claim 1**, Morris discloses a method of auctioning bad debts to a plurality of clients, said method comprising the steps of:

- placing select information relating to at least one bad debt (debt accounts – see abstract) on an online auction forum (“...a method and system for facilitating a sale preferably using a computer network.” – see page 1, paragraph 0001), said select information (designated information) comprising at least one distinct bad debt item to be displayed on a bidding site of said online auction forum (“Potential buyers are preferably informed when at least some of the designated information has been found in the searching step. In a preferred embodiment, at least a portion of the presale database is uploaded to a computer readable database accessible via a computer network, which may be either an internal network or a global computer network (e.g., the internet).” – see page 4, paragraph 0062 - establishing that information relating to a bad debt item is communicated to the buyer via the internet. While Morris does not use the word “auction”, Morris does state receiving bids (“...receiving one or more purchase orders...” – see abstract and “...bids...” – see page 4, paragraph 0064) and the seller establishing a minimum reserve price (“...seller's minimum reserve...” –see page 4, paragraph 0064), which the

Examiner interprets as including an auction process in Morris's disclosure of a sales method);

- establishing at least one bidding site on said online auction forum, said bidding site being associated with a database, said database including said bad debt item. ("...a computer readable database comprising data pertaining to a plurality of debt accounts..." – see abstract);
- classifying (grouping) said bad debt item based on a geographic territory (region, state or ZIP code). ("The step of grouping the lots preferably further includes the step of receiving from the seller at least one criterion upon which the accounts are to be grouped into lots. (e.g., by region, state or two-digit ZIP code). Similarly, for example, country, province, postal code, city code and other international aggregations may be available to international sellers." – see page 4, paragraph 0059); and
- displaying said bad debt item on said bidding site with said geographic territory. ("The method of the present invention further includes the step of searching the computer readable database for information corresponding to information designated by the potential buyers again, in FIG. 6.

Potential buyers are preferably informed when at least some of the designated information has been found in the searching step." – see page 4, paragraph 0062 – establishing that bad debt items can be searched based upon geography, an already disclosed criterion, and such bad debt items are displayed to the buyer.)

Morris does not teach said method comprising the steps of:

- classifying said bad debt item based on a geographic territory where jurisdiction is present over a debtor.

Rivkin discloses said method comprising:

- geographic territory where jurisdiction is present over a debtor. ("The most common means of enforcing a judgment is by requesting that a court with jurisdiction issue a writ of execution or similar order. Pursuant to such a writ, the real property, equipment, fixtures and personal property of a judgment debtor are seized by law enforcement officers and then sold at a judicially supervised public auction." – see Enforcement of Judgments, paragraph 2 – establishing that jurisdiction is required to be obtained to enforce a judgment against a debtor).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris by defining geographic territories by court jurisdiction, as illustrated by Ruvkin, to allow system users to determine in which jurisdictions that judgments against debtors can be enforced.

**Regarding Claim 2,** Morris discloses a method further comprising the step of:

- requiring a client to select at least one geographic territory, said geographic territory being associated with a debtor. ("...searching the computer readable database for information corresponding to information designated by the potential buyers...." – see abstract – establishing that the client selects a criterion by which to search the bad debt. "... (e.g., by

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region, state or two-digit ZIP code)...” – see page 4, paragraph 0059 – establishing that geographic territory is a criterion and it is inherent that the geographic territory assigned to the bad debt is associated with the location of the debtor).

Morris does not teach said method comprising the steps of:

- requiring a client to select at least one geographic territory, said geographic territory being associated with a debtor, who is subject to the jurisdiction of said selected geographic territory.

Rivkin discloses said method comprising:

- a debtor who is subject to the jurisdiction of said selected geographic territory. (see Enforcement of Judgments, paragraph 2).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris by defining geographic territories by court jurisdiction, as illustrated by Ruvkin, to allow system users to determine in which jurisdictions that judgments against debtors can be enforced.

**Regarding Claim 3,** Morris discloses a method, wherein:

- said bad debt is a lot package that includes a pre-grouped assortment of select information relating to at least two bad debts. (“The method of the present invention preferably comprises the principal steps of (a) creating a computer readable database comprising data pertaining to a plurality of debt accounts, each account comprising a plurality of data fields; (b)



grouping the accounts into at least one lot based upon at least one correlation among the data in the data fields...” – see abstract);

- each bad debt has a debtor. (It is inherent that each bad debt would have a debtor);
- each of said debtors being subject to a geographic territory that is common to all of said debtors in said lot package. (“...(e.g., by region, state or two-digit ZIP code)...” – see page 4, paragraph 0059); and
- said lot package to be displayed as a distinct bad debt item on said bidding site of said online auction forum. (“...(c) searching the computer readable database for information corresponding to information designated by the potential buyers; (d) receiving one or more purchase offers for one or more lots from the potential buyers...” – see abstract – It is inherent that each lot would be displayed prior to accepting purchase offers for each lot).

Morris does not teach said method wherein:

- each of said debtors being subject to a jurisdiction of a geographic territory that is common to all of said debtors in said lot package.

Rivkin discloses said method comprising:

- debtors being subject to a jurisdiction of a geographic territory. (see Enforcement of Judgments, paragraph 2).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris by defining geographic territories by court

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jurisdiction, as illustrated by Ruvkin, to allow system users to determine in which jurisdictions that judgments against debtors can be enforced.

**Regarding Claim 4 - 6,** Morris discloses a method wherein:

- said bad debt item is an apportioned (carved out) bad debt. (“For example, one of the modifications a potential buyer can suggest is some type of carve out that that represents a regrouping of the accounts in the lot.” – see page 5, paragraph 0066 – establishing that a bad debt item can be apportioned into another bad debt item);
- containing select information relating to a particular bad debt.  
 (“...communicating to the buyer at least a portion of the information pertaining to the items to be offered for sale...” – see abstract);
- said apportioned bad debt comprising a fractional portion of the monetary value of the whole of said bad debt. (“...(v) the principal value of the portfolio; vi) account balances...” – see page 1, paragraph 0003 - It would be inherent that an apportioned bad debt would comprise an apportioned monetary value in comparison to the non-apportioned bad debt.);
- is to be displayed as a distinct bad debt item on said bidding site of said online auction forum. (“...communicating to the buyer at least a portion of the information pertaining to the items to be offered for sale...” – see abstract - It would be inherent that the apportioned bad debt item would be displayed as a distinct bad debt to prevent confusion with the non-apportioned bad debt item);

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- said select information relating to said bad debt item includes the uncollected monetary value of said bad debt. (“...(v) the principal value of the portfolio; vi) account balances...” – see page 1, paragraph 0003); and
- said select information relating to said bad debt item includes geographic territories. (“...(e.g., by region, state or two-digit ZIP code)...” – see page 4, paragraph).

Morris does not teach said method comprising the steps of:

- said select information relating to said bad debt item includes the geographic territories in which jurisdiction is present over said debtor.

Rivkin discloses said method comprising:

- debt item includes the geographic territories in which jurisdiction is present over said debtor. (see Enforcement of Judgments, paragraph 2 – establishing that jurisdiction is required to be obtained to enforce a judgment against a debtor).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris by defining geographic territories by court jurisdiction, as illustrated by Rivkin, to allow system users to determine in which jurisdictions that judgments against debtors can be enforced.

**Regarding Claims 9 – 11,** Morris discloses a method wherein:

- said select information relating to said bad debt item includes a predetermined minimum bid request amount (5% of seller's minimum reserve), said online auction forum not to accept a bid for said bad debt

item that is below said predetermined minimum bid request amount set for said same bad debt item. ("Once the seller has released the accounts for sale, the seller will preferably be able to manage each lot or sale manually or choose a variety of policy rules set for each lot or sale. For example, the seller may establish a rule that "all bids under 5% of the seller's minimum reserve will be automatically rejected but all bids above 5% will be reviewed by the seller's user chief." – see page 4, paragraph 0064);

- said select information relating to each of said bad debts in said lot package includes the uncollected monetary value of said bad debt. ("...(v) the principal value of the portfolio; vi) account balances..." – see page 1, paragraph 0003); and
- said bad debts in said lot package includes geographic territories. ("...(e.g., by region, state or two-digit ZIP code)..." – see page 4, paragraph).

Morris does not teach a method wherein:

- said bad debts in said lot package includes geographic territories in which jurisdiction is present over said debtor.

Rivkin discloses said method wherein:

- said bad debts in said lot package includes geographic territories in which jurisdiction is present over said debtor. (see Enforcement of Judgments, paragraph 2 – establishing that jurisdiction is required to be obtained to enforce a judgment against a debtor).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris by defining geographic territories by court jurisdiction, as illustrated by Rivkin, to allow system users to determine in which jurisdictions that judgments against debtors can be enforced.

**Regarding Claim 16, Morris discloses a method wherein:**

- said select information relating to said lot package includes a predetermined minimum bid request amount (5% of the seller's minimum reserve), said online auction forum not to accept a bid for said lot package that is below said predetermined minimum bid request amount set for said same lot package. ("Once the seller has released the accounts for sale, the seller will preferably be able to manage each lot or sale manually or choose a variety of policy rules set for each lot or sale. For example, the seller may establish a rule that "all bids under 5% of the seller's minimum reserve will be automatically rejected but all bids above 5% will be reviewed by the seller's user chief." – see page 4, paragraph 0064).

**Regarding Claims 17 - 19, Morris discloses a method wherein:**

- said select information relating to said apportioned (carved out) bad debt includes the uncollected monetary value of the apportioned fraction of said bad debt. ("For example, one of the modifications a potential buyer can suggest is some type of carve out that that represents a regrouping of the accounts in the lot." – see page 5, paragraph 0066 – establishing that a bad debt item can be apportioned into another bad debt item. "... (v) the

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principal value of the portfolio; vi) account balances...” – see page 1, paragraph 0003 - It would be inherent that an apportioned bad debt would comprise an apportioned monetary value in comparison to the non-apportioned bad debt);

- said select information relating to said apportioned (carved out) bad debt includes the uncollected monetary value of the whole of said bad debt from which said apportioned bad debt was taken. (“...(v) the principal value of the portfolio; vi) account balances...” – see page 1, paragraph 0003 - It would be inherent that an apportioned bad debt would comprise an apportioned monetary value in comparison to the non-apportioned bad debt); and
- said select information relating to said apportioned bad debt includes geographic territories (“...(e.g., by region, state or two-digit ZIP code)...” – see page 4, paragraph).

Morris does not teach a method wherein:

- said select information relating to said apportioned bad debt includes geographic territories in which jurisdiction is present over said debtor.

Rivkin discloses said method wherein:

- geographic territories in which jurisdiction is present over said debtor. (see Enforcement of Judgments, paragraph 2 – establishing that jurisdiction is required to be obtained to enforce a judgment against a debtor).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris by defining geographic territories by court jurisdiction, as illustrated by Rivkin, to allow system users to determine in which jurisdictions that judgments against debtors can be enforced.

**Regarding Claim 21 and 23,** Morris discloses a method wherein:

- said select information relating to said apportioned bad debt includes the fractional share (carved out) that was apportioned from the whole of said bad debt. ("For example, one of the modifications a potential buyer can suggest is some type of carve out that that represents a regrouping of the accounts in the lot." – see page 5, paragraph 0066); and
- said select information relating to said apportioned (carved out) bad debt includes a predetermined minimum bid request amount (5% of the seller's minimum reserve), said online auction forum not to accept a bid for said lot package that is below said predetermined minimum bid request amount set for said same apportioned bad debt. ("Once the seller has released the accounts for sale, the seller will preferably be able to manage each lot or sale manually or choose a variety of policy rules set for each lot or sale. For example, the seller may establish a rule that "all bids under 5% of the seller's minimum reserve will be automatically rejected but all bids above 5% will be reviewed by the seller's user chief." – see page 4, paragraph 0064).

**Regarding Claims 28 – 30,** Morris discloses a method wherein:

- said bad debt item is selected from said database for display on said bidding site. (“The method of the present invention further includes the step of searching the computer readable database for information corresponding to information designated by the potential buyers again, in FIG. 6. Potential buyers are preferably informed when at least some of the designated information has been found in the searching step.” – see page 4, paragraph 0062 – establishing that bad debt items can be searched and such bad debt items are displayed to the buyer.); and
- said bad debt item is selected from said database for display on said bidding site. (see page 4, paragraph 0062).

Neither Morris nor Rivkin teach a method wherein:

- said bad debt item is selected from said database for display on said bidding site on the basis of its numerical positioning in relation to other said bad debt items contained in said same database;
- said bad debt item is selected from said database for display on said bidding site on the basis of a random selection process, said random selection process occurring irrespective of the numerical positioning of any said bad debt item contained in said same database; and
- said bad debt item is selected from said database for display on said bidding site on the basis of an order preference of personnel managing said online auction forum.



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It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris and Rivkin to allow for any organization and search strategy of the database that the inventor desired.

**Regarding Claim 31**, Morris discloses a system comprising:

- a remote host system (see 16, figure 1) connected to a communications network (internet – see 22, figure 2), said remote host-system including:
- (i) a central processing element (CPU - see 28, figure 2) for processing data;
- (ii) a data storage element for storing data (databases - see 30, 36, 40, 32..., figure 2); and
- (iii) software installed for execution on the central processing element (“...a processor operatively connected to the memory, the processor programmed to...” – see Claim 30 – It is inherent that programming would consist of software) and having a database that is associated with at least one sales site module (interface – figure 2), said database including at least one bad debt item (databases – see 40 and 48, figure 2), said bad debt item being accessible on said associated sales site module in accordance with geographic territory related to a debtor (“...(e.g., by region, state or two-digit ZIP code)...” – see page 4, paragraph), said software configured to run multiple, concurrent, and distinct client sessions on said remote host system (It is inherent that software allows multiple,

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concurrent (multiple clients can have sessions simultaneously) and distinct client sessions.), and

- (b) an interface element (interface – see figure 2) for providing public access to said software, wherein a plurality of clients may each participate in an online session of said software, running on said remote host system (see 16, figure 1), from client systems connected to said communications network (internet – see 22, figure 2), and wherein each of said plurality of clients may be able to purchase said bad debt item available for sale on said associated sales site.

Morris does not teach a system comprising:

- a geographic territory where jurisdiction is present over a debtor.

Rivkin discloses said system wherein:

- a geographic territory where jurisdiction is present over a debtor. (see Enforcement of Judgments, paragraph 2).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris by defining geographic territories by court jurisdiction, as illustrated by Rivkin, to allow system users to determine in which jurisdictions that judgments against debtors can be enforced.

**Regarding Claim 32**, Claim 32 recites similar limitations to Claim 1 and is therefore rejected using the same art and rationale as applied in the rejection of Claim 1. Claim 32 differs from Claim 1 in that Claim 32 refers to an “outright sale” rather than an “auction”, however “outright sales” are a well known and notorious method of

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conducting sales in the industry and it would have been within the level of ordinary skill in the art at the time the invention was made to have modified Morris to conduct an “outright sale” rather than an “auction.”

**Regarding Claim 33**, a method comprising:

- compiling at least one bad debt, said bad debt being associated with a debtor. (“The step of grouping the lots preferably further includes the step of receiving from the seller at least one criterion upon which the accounts are to be grouped into lots.” – see page 4, paragraph 0059);
- classifying said bad debt based on a geographical location related to said debtor. (“...(e.g., by region, state or two-digit ZIP code)...” – see page 4, paragraph 0059); and
- conducting a transaction with a buyer, wherein said buyer purchases said bad debt. (“The method of the present invention may preferably include the step of receiving from the seller an acceptance of a purchase offer. Acceptance of a purchase offer establishes a purchase contract between the seller and the buyer.” – see page 4, paragraph 0065).

Morris does not teach a method comprising:

- a geographic territory where jurisdiction is present over a debtor.

Rivkin discloses said method wherein:

- a geographic territory where jurisdiction is present over a debtor. (see Enforcement of Judgments, paragraph 2).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris by defining geographic territories by court jurisdiction, as illustrated by Rivkin, to allow system users to determine in which jurisdictions that judgments against debtors can be enforced.

**Regarding Claim 34**, Morris discloses a method further comprising:

- (a) providing select information regarding a plurality of bad debts.  
("Potential buyers are preferably informed when at least some of the designated information has been found in the searching step." – see page 4, paragraph 0062);
- (b) grouping the plurality of bad debts into a plurality of groups of bad debts. ("The step of grouping the lots preferably further includes the step of receiving from the seller at least one criterion upon which the accounts are to be grouped into lots." – see page 4, paragraph 0059);
- each such group (lot) of bad debts including corresponding debtors who are located in a particular geographic territory; and
- (c) classifying said plurality of groups of bad debts based on a geographic territory is present over all of the debtors within such group of bad debts.

Morris does not teach a method comprising:

- debtors who are subject to personal jurisdiction in a particular geographic territory; and
- based on a geographic territory where jurisdiction is present over all of the debtors.

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Rivkin discloses said method wherein:

- debtors who are subject to personal jurisdiction in a particular geographic territory (see Enforcement of Judgments, paragraph 2).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris by defining geographic territories by court jurisdiction, as illustrated by Rivkin, to allow system users to determine in which jurisdictions that judgments against debtors can be enforced.

**Regarding Claim 35**, Claim 35 recites similar limitations to Claim 21 and is therefore rejected using the same art and rationale as applied in the rejection of Claim 21.

**Regarding Claim 36**, Morris discloses a method wherein said transaction is internet based (internet – see 22, figure 2).

**Regarding Claim 37**, Morris discloses a method wherein said transaction is an auction transaction (“...a method and system for facilitating a sale preferably using a computer network.” – see page 1, paragraph 0001. While Morris does not use the word “auction”, Morris does state receiving bids (“...receiving one or more purchase orders...” – see abstract and “...bids...” – see page 4, paragraph 0064) and the seller establishing a minimum reserve price (“...seller's minimum reserve...” –see page 4, paragraph 0064), which the Examiner interprets as including an auction process in Morris's disclosure of a sales method.

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**Regarding Claim 38**, Claim 38 recites similar limitations to Claims 32 – 34, in combination, and is therefore rejected using the same art and rationale as applied in the rejection of Claims 32 – 34.

**Regarding Claim 39**, Morris discloses a method wherein said group (lot) contains at least two of said bad debts. (It is inherent that a grouping of bad debt items would include at least two bad debt items).

**Regarding Claim 40**, Claim 40 recites similar limitations to Claim 17, in combination, and is therefore rejected using the same art and rationale as applied in the rejection of Claim 17.

**Regarding Claims 41 – 43**, further system claims would have been obvious from method claims rejected above in Claims 36 - 37 and is therefore rejected using the same art and rationale.

**Regarding Claim 44**, Morris discloses a system wherein said software further includes a purchased items database, said bad debt item classified into said purchased items database subsequent to being sold. ("In another embodiment, the method of the present invention may preferably include the steps of recording data relating to each sale into a computer readable sale database." – see page 5, paragraph 0075).

**Regarding Claim 45**, Morris discloses a method comprising:

- providing a database comprising a plurality of bad debts ("...a computer readable database comprising data pertaining to a plurality of debt accounts..." – see abstract), each bad debt having at least one debtor associated therewith (It is inherent that each bad debt has an attached

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debtor associated with it), and wherein at least one court of law has jurisdiction over said associated debtor. (It is inherent that at least one court of law has jurisdiction over the debtor);

- allowing a purchaser access to said bad debts pertaining to a particular geographic territory (“...(e.g., by region, state or two-digit ZIP code)...” – see page 4, paragraph 0059), wherein said associated debtor of each of said bad debts is subject a geographic territory; and
- allowing the purchaser to purchase at least one bad debt. (“The method of the present invention may preferably include the step of receiving from the seller an acceptance of a purchase offer. Acceptance of a purchase offer establishes a purchase contract between the seller and the buyer.” – see page 4, paragraph 0065).

Morris does not teach a method comprising:

- wherein said associated debtor of each of said bad debts is subject to the jurisdiction of said geographic territory.

Rivkin discloses said method wherein:

- wherein said associated debtor of each of said bad debts is subject to the jurisdiction of said geographic territory. (see Enforcement of Judgments, paragraph 2).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris by defining geographic territories by court

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jurisdiction, as illustrated by Rivkin, to allow system users to determine in which jurisdictions that judgments against debtors can be enforced.

**Regarding Claims 47 and 50**, Morris discloses a method comprising:

- gathering debt information about a plurality of uncollected debts, each of said plurality of uncollected debts being associated with a debtor. (“...(a) receiving from at least one seller information pertaining to a plurality of items to be offered for sale...” – see abstract);
- gathering debtor information regarding geographic territories (“...(e.g., by region, state or two-digit ZIP code)...” – see page 4, paragraph 0059) in which the debtor associated with each of such uncollected debts is likely to be located in the geographic territories;
- providing the gathered debt information and gathered debtor information to a host web site. (“Potential buyers are preferably informed when at least some of the designated information has been found in the searching step.” – see page 4, paragraph 0062 – It is inherent that the debt information would be provided to a host web site in order to display the information on a web site since, as established earlier, Morris operates on the internet.);
- allowing a remote client to access the host web site over a computer network to access the gathered debt information in accordance with debtor information for a geographic territory of interest (designated information) to the remote client. (“The method of the present invention further includes the step of searching the computer readable database for



information corresponding to information designated by the potential buyers again, in FIG. 6.” – see page 4, paragraph 0062 – It would be inherent that conducting a search of a database based upon designated information would require the access to the host web site);

- receiving from the remote client at least one selected geographic territory (“... (e.g., by region, state or two-digit ZIP code)...” – see page 4, paragraph 0059) of interest to the remote client. (It is inherent that in conducting a search based upon designated information would require receiving the designation from the buyer) ; and
- displaying to the remote client uncollected debts for which the associated debtors are likely to be subject to personal legal jurisdiction within the at least one geographic territory selected by the remote client. (“Potential buyers are preferably informed when at least some of the designated information has been found in the searching step.” – see page 4, paragraph 0062)

Morris does not teach a method comprising:

- gathering debtor jurisdiction information regarding geographic territories in which the debtor associated with each of such uncollected debts is likely to be subject to personal legal jurisdiction; and
- allowing a remote client to access the host web site over a computer network to access the gathered debt information in accordance with

debtor jurisdiction information for a geographic territory of interest to the remote client.

Rivkin discloses said method wherein:

- to be subject to personal legal jurisdiction (see Enforcement of Judgments, paragraph 2).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris by defining geographic territories by court jurisdiction, as illustrated by Rivkin, to allow system users to determine in which jurisdictions that judgments against debtors can be enforced.

**Regarding Claims 48 - 49**, Claims 48 - 49 recite similar limitations to Claims 19 - 20 and are therefore rejected using the same art and rationale as applied in the rejection of Claims 19 - 20. (It is inherent that the select information contained within the system would be gathered in some manner.)

**Regarding Claims 51 - 52**, Claims 51 - 52 recite similar limitations to Claims 47 and 50 and are therefore rejected using the same art and rationale as applied in the rejection of Claims 47 and 50.

**Regarding Claims 53 - 54**, Claims 53 - 54 recite similar limitations to Claims 47 and 50 and are therefore rejected using the same art and rationale as applied in the rejection of Claims 47 and 50.

**Regarding Claims 55**, Claims 55 recite similar limitations to Claims 47 and 50, in combination, and are therefore rejected using the same art and rationale as applied in the rejection of Claims 47 and 50.

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**Regarding Claim 56**, Claim 55 recites similar limitations to Claim 37 and is therefore rejected using the same art and rationale as applied in the rejection of Claim 37.

**Regarding Claim 57**, Morris discloses a method wherein software further includes at least one sale site module. (It is inherent that Morris has a sale site module since Morris conducts sales on the internet).

**Regarding Claims 58 – 61**, Claims 58 – 61 recite similar limitations to Claim 32 and are therefore rejected using the same art and rationale as applied in the rejection of Claim 32.

**Claims 7, 12 and 20** are rejected under 35 U.S.C. 103(a) as being unpatentable over Morris and Rivkin, as in Claims 1, 3 and 4 above, in further view of Yeazell (Yeazell, Stephen C. *Civil Procedure 4<sup>th</sup> Edition*. Little, Brown & Company. 1996. pp. 98 – 99).

Morris discloses a method wherein:

- said select information relating to said bad debt item includes geographic location. (“...(e.g., by region, state or two-digit ZIP code)...” – see page 4, paragraph);
- said select information relating to each of said bad debts in said lot package includes geographic location. (“...(e.g., by region, state or two-digit ZIP code)...” – see page 4, paragraph); and

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- said select information relating to said apportioned bad debt includes geographic location. (“...(e.g., by region, state or two-digit ZIP code)...” – see page 4, paragraph).

Neither Morris nor Rivkin teach a method wherein:

- said select information relating to said, bad debt item includes the geographic location where said debtor is domiciled;
- said select information relating to each of said bad debts in said lot package includes geographic location where said debtor is domiciled; and
- said select information relating to said apportioned bad debt includes the geographic location where said debtor is domiciled.

Yeazell discloses a method wherein:

- the geographic location where said debtor is domiciled. (“An analogous rule applies to the domicile (place of permanent residence) for individuals...Domicile in the state is alone sufficient to bring an absent defendant within the reach of the state’s jurisdiction...The state which accords him privileges and affords protection to him and his property by virtue of his domicile may also exact reciprocal duties...One such incident of domicile is amenability to suit within the state.” – see p. 99).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris and Rivkin by defining geographic territories by domicile, as illustrated by Yeazell, to allow system users to determine in

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which jurisdictions, as defined by the debtor's domicile, that judgments against debtors can be enforced.

**Claims 8, 13 – 15 and 22** are rejected under 35 U.S.C. 103(a) as being unpatentable over Morris and Rivkin, as in Claims 1, 3 and 4 above, in further view of Keyes (US Patent 6,456,983).

**Regarding Claims 8 and 13 – 15**, neither Morris nor Rivkin teach a method wherein:

- said select information relating to said bad debt item includes rating information that is related to the potential for collection of said bad debt item from said debtor;
- said select information relating to each of said bad debts in said lot package includes rating information that is related to the potential for collection of said bad debt from said debtor;
- said select information relating to said bad debts in said lot package includes rating information that is related to the potential for collection of all of said bad debts included in said lot package; and
- said rating information is based on an average of the total sum of a rating figure of each of said bad debts included in said lot package .

Keyes discloses a method wherein:

- said select information relating to said bad debt item includes rating information that is related to the potential for collection of said bad debt

item from said debtor. (“...historical delinquent accounts are scored...” – see abstract and “Each delinquent account may be "scored", and the "score" of a particular current delinquent account may be reflective of a payment which would be projected to be received in relation to this particular delinquent account, based upon a statistical analysis of sorts.” – see col. 2, lines 48 – 53);

- said select information relating to each of said bad debts in said lot package includes rating information that is related to the potential for collection of said bad debt from said debtor. (supra);
- said select information relating to said bad debts in said lot package includes rating information that is related to the potential for collection of all of said bad debts included in said lot package (supra); and
- said rating information is based on an average of the total sum of a rating figure of each of said bad debts included in said lot package . (“An average score identifier 26 may be provided if desired for each of the historical portfolio groups 91, which would be the average score 40 of the various historical delinquent accounts 90 contained within the subject historical portfolio group 91.” – see col. 7, lines 11 – 15).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris and Rivkin by incorporating into the select information linked to a bad debt item a rating related to the potential for collection, as

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disclosed by Keyes, to provide bidder with the ability to gauge the possibility that bidder will be able to collect on bad debt item.

**Regarding Claims 22**, Morris discloses a method wherein:

- said select information relating to said apportioned (carved out) bad debt.

Neither Morris nor Rivkin disclose a method wherein:

- said select information relating to said apportioned bad debt includes rating information that is related to the potential for collection of said apportioned bad debt from said debtor.

Keyes discloses a method wherein:

- said select information relating to said bad debt includes rating information that is related to the potential for collection of said bad debt item from said debtor. (“...historical delinquent accounts are scored...” – see abstract);

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris and Rivkin by incorporating into the select information linked to a bad debt item a rating related to the potential for collection, as disclosed by Keyes, to provide bidder with the ability to gauge the possibility that bidder will be able to collect on bad debt item.

**Claims 24 – 25** are rejected under 35 U.S.C. 103(a) as being unpatentable over Morris and Rivkin, as in Claim 1 above, in further view of Atkinson (US Patent Pub. 2001/0021923).

Morris discloses a method wherein:

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- said bad debt item that receives a bidding price equal to or above its predetermined minimum bid request amount will be classified into a purchased items database of said online auction forum. ("In another embodiment, the method of the present invention may preferably include the steps of recording data relating purchase offers made by potential buyers into a computer readable purchase offer database. This data may preferably be utilized to gauge current and/or historical market demand for the purpose of grouping accounts into lots conforming to the market demand." – see page 5, paragraph 0074).

Neither Morris nor Rivkin teach a method wherein:

- said bad debt item that receives a bidding price equal to or above its predetermined minimum bid request amount at the end of said bidding phase interval will be classified into a purchased items database of said online auction forum; and
- said online auction is conducted utilizing consecutive and concurrent bidding phase intervals, each of said bidding phase intervals enduring for a predetermined time period.

Atkinson discloses a method wherein:

- said online auction is conducted utilizing consecutive and concurrent bidding phase intervals, each of said bidding phase intervals enduring for a predetermined time period. ("In such auctions, various goods or services may simultaneously be placed for auction. In certain situations, however,



there is a need to provide two or more auctions falling chronologically one after another. Each such auction falling in chronological order is referred to herein as an 'auction round.' " – see page 1, paragraph 0012).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Morris and Rivkin by incorporating bidding intervals, as disclosed by Atkinson, to provide flexibility to organization of the online auctions.

### ***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. The references cited to (Cleaver, Joanne Y. *Debt sales go online. Collections & Credit Risk*. New York. vol. 5, iss. 4. April 2000. pp. 51 - 54), (Snyder, Jesse. *Brave new eWorld. Collections & Credit Risk*. New York. vol. 5, iss. 9. September 2000. pp. 34 - 38), (*E-Debt.com Introduces Intrasale Technology to Debt Buying Industry. PR Newswire*. New York. September 28, 2000. p. 1), (Golz, Earl. *Working off debt, Bad credit is good business for Epstein. Austin American Statesman*. Austin, Texas. November 5, 1997. p. 1) and (Reilly, Patrick M. *Going once, going twice, sold! Collections & Risk*. New York. vol. 5, iss. 3. March 2000. pp. 89 – 91), and these references are considered to be relevant to the claimed invention due to their reference to online bad debt auctions utilizing geographic criterion in searching and organization.

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Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jason M. Borlinghaus whose telephone number is (703) 308-9552. The examiner can normally be reached on 8:30am-5:00pm M-F.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung Sough can be reached on (703) 308-0505. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

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